CON

100 YEN

A MONTHLY
FOR INDEPENDENT AND
PEACEFUL UNIFICATION

ONE KOREA

FEB 26 1962

☆☆☆ State of Foreign Aids

☆☆☆ Five Year Plan: House Upon Sand

☆☆☆ Severe Stagnation

NO. 3

AUG. 1961

Special Edition
on
S. Korean Economy

Our Aims and Demands

Liberation from Japanese Imperialism did not bring complete freedom and independence to Korea. Instead, the Big Powers of the world split the Korean territory and nation into two countries. And to this day, the Korean people have been suffering for sixteen long years under the most piteous and distressing conditions. Not only have we constantly wandered on the brinks of death, pressed by poverty and oppression, but we at last had to commit the most shameful mistake in our history: Incited by foreign powers, we Koreans engaged ourselves in the horrible task of killing our own brothers during that tragical Korean War. Yet, in spite of all these sufferings and injustices, the Korean people obediently held trust in the good faiths of the Big Powers, and solely believed that they would carve out the future of Korea for us.

But today we have finally realized our stupidity. We know well now that we must carve out our own destiny with our own hands, that is, the Korean nation must realize unification of Korea by the nation's own powers if it is willing to live. And the people's uprising in April last year which overthrew that most atrocious government of all times, the Syngman Rhee regime, without borrowing any aid from others, has given us the confidence that we can accomplish this aspiration.

We, as members of the Korean nation and campaigners for the unification movement, urged by such consciousness and confidence, propose here that our Independent and Peaceful Unification shall commence by conducting mutual contact and exchange between the North and South Korean people. Whereby, we are sure, brotherly love will be renewed and North and South negotiations invited; thus enabling concrete plans for unification to be worked out. We also believe that the unification must be not only the unification of the Korean territories but also of the divided nation. And in order to reflect the true will of the entire nation on the unification, we call for a Free General Elections to be held throughout North and South Korea; and through these elections, a Unified Central Government shall be established. From these standpoints, we demand:

1) *To immediately open up exchanges of letters, civilian travel, culture and trade between North and South Korea.*
2) *To convene at once an All-Korea Conference represented by delegates from the Governments, political parties and civil organizations of both Koreas, to study and work out the measures for preparing the All-Korea General Elections and establishing the Unified Central Government.*

We are convinced that these demands are fully legitimate, equitable and just since they are based on the standpoints of humanity, fundamental rights and the principle of self-determination. Still we cannot ignore the bearings which the Korean Unification problem has on the international relations. Thus emphasizing the original mission of the United Nations; respecting the authority of the 1954 Geneva Conference in which both the North and South Korean Delegations had participated, and acknowledging adoption of the Agreements reached at the said Conference, we request the nations concerned:

1) *To call as soon as possible an International Conference that shall further the accomplishments of the Political Conference on the Korean Question held at Geneva in 1954, and accelerate the Korean unification by assisting the independent unification movements of the Korean people.*
   Besides those nations which participated in the 1954 Conference, delegations from the four nations constituting the Korean Armistice Observation Commission (Switzerland, Sweden, Poland and Czechoslavakia) and India shall participate in the proposed Conference.
2) *All nations participating in this International Conference shall assume the responsibility to secure the peace in the Korean Peninsula and to guarantee the peaceful development of Unified Korea.*
   In order to secure these guarantees, the United States, the Soviet Union and all other countries shall immediately stop supplying weapons and all other military aids to the present Governments of North and South Korea; shall pledge to assist in the reconstruction of Korea on conditions of non-intervention in her internal affairs and also not to utilize Unified Korea as military bases; and shall recommend immediate membership of Unified Korea to the United Nations.
3) *The same nations shall also support, when requested, the projects of the Unification Projects Agency which will be established by tne All-Korea Confererecce, and also set up an International Supervision Commission to supervise the All-Korea General Elections which will be administered by the above Agency.*
   The International Supervision Commission shall be formed by nations that did not participate in the Korean War, but elected by the participating nations in the proposed International Conference and confirmed by the United Nations.
4) *The foreign armed forces stationed in Korea shall be replaced by International Police Forces ana evacuate Korea as soon as possible.*
   The International Police Forces shall be organized by troops from nations that did not participate in the Korean War; shall have missions to maintain the peace in Korea and also to secure an atmosphere in which free and fair elections can be enforced; and shall withdraw from Korea when requested by the Unified Korea Government.

Unification of Korea is a matter of life and death to the Korean people. No one, no nation should be allowed to bar our way. Therefore, we here appeal to the world to understand and to extend its support to our aims and demands.

ONE KOREA

A MONTHLY MAGAZINE OF NEWS AND VIEWS ON KOREAN UNIFICATION MOVEMENTS

Aug. 1, 1961 Vol. 3

CONTENTS

Our Aims and Demands (cover back)

During the Month ..(2)

Can Foreign Aids Salvage ROK Economy? (3)

Five Year Plan:

House Upon Sand .(31)

Severe Stagnation ..(33)

Published Monthly by

TONG-IL CHOSEON SHINMOON INC.

(Newspaper for Korean Unification)

Publisher & Editor:
YEE YOUNG KEUN

1-1 Yotsuya, Shinjuku-ku, Tokyo, Japan

Tel. Tokyo (341)5849, (351)8213

Printed in Japan

A Word for "One Korea"

UNIFICATION: THE ONLY ROAD

The ROK military regime which emerged with loud cries on May 16 to "relieve the people's hardships", have announced, one after another, some 10 economic measures in just 2½ months' time.

Partly on this account, the U.S. has at last declared its formal support of the coup regime, and following the U.S. lead, the UNCURK (United Nations Commission for Unification and Rehabilitation of Korea) has even applauded the militarists for their immense work on paper.

In reality, however, nothing has been accomplished. ROK economy is deteriorating fast down the hill to stagnation. Currency has reached a total all-time high of 261.7 billion hwan, while over-all buying power has diminished to a critical low point, causing extreme dampening in business activities and thus producing more unemployment. (see page 34)

The major cause for this severe stagnation is quite clear. The government is on a reckless spending spree but the lack of public confidence in the government has invited extensive hoarding of cash. The critical economic situation, together with all the administrative failures of the militarists will, in time, lead the nation into complete bankruptcy.

Placed in such a tight hole, the militarists have cast away their initial commitment "to root out corruption", and have released all the illicit profiteers they had arrested on pretext of mobilizing their resources. The military regime has also set up an Economic Planning Agency which will execute their Five-Year Economic Reconstruction Plan".

Such plan, however, is but to build a "house upon sand." For, the plan relies on tremendous amount of foreign aids, which are getting more and more difficult to invite into Korea, and, in addition, the nation is in no mood to cooperate.

Economic reconstruction of South Korea cannot ever be gained by loud cries of foreign aids. Only when the determination of the nation is set, and when effective utilization of the nation's human and material resources is contrived, will the work of reconstruction get under way. For that, unification is the only road.

DURING THE MONTH

ROK Students in Japan Continue Anti- militarist Fight.

The Federation of ROK Students Studying in Japan which was the first organization to declare open opposition against the South Korean coup d'etat (May 27), is carrying on its fight against the military regime and the Mindan (ROK Residents' Union in Japan) leaders. Following the students in Tokyo, the Kyoto branch of the Federation issued a declaration on July 11, requesting "immediate solution of the military regime" and pledged to "march on" calling together all their energies and resources.

Rusk Declares U.S. Support of Coup Regime.

U.S. Secretary of State Dean Rusk made clear the U.S. attitude to support the ROK military regime on July 27. Rusk listed Supreme Council Chairman Pak Chung Hi's suggestion of government transfer to civilians, signs of improvement in ROK economy and the release of 1,300 political suspects as reasons for the U.S. formal support.

Since Undersecretary of State Chester Bowles had testified on May 18 in the House Foreign Affairs Committee to the effect that the U.S. should recognize the military regime as long as it is pro-American and anti-Communist, it was considered merely a question of time for the U.S. to announce its formal support.

Rusk's announcement, therefore, was interpreted as a strategy to meet the opposition rising in congress against U.S. Korean aid and also to bolster the U.S. stand on the Korean Question to be debated at the coming session of the U.N. General Assembly.

Witch Hunts Go On.

The Military Supreme Council announced on July 4, the arrest of ousted Premier Chang Myun and top men in his Cabinet, on charges of collaboration or aiding the Communists. Seven ministers: Cho Jai-Chun, Shin Hyun-Ton, Hyun Suk-Ho, Kim Young-Sun, Chu Yo-Han, Kim Sun-Tai, and Chung Il Hyung, Inspector General Yi Tai-Hi, House Speaker Kwak Sang-Hoon and Mint Director Sunoo Chong-Won were rounded up. This witch hunt of liberals and the preceding purge of coup leader Lt. Gen. Chang Do Yung and 44 military top brasses literally shocked the nation.

Revolutionary Trials Begin.

The much talked about Revolutionary Court to try the suspects branded as anti-state and anti-revolutionary criminals by the militarists, opened on July 11. The Tribunals No. 1 to No. 5 are trying in this order five groups charged with, unfair elections, the Minjok Ilbo Case, student riots, election fund scandals (by civil servants) and organized violences.

The legal grounds for the prosecution are the "Retroactive Law to Punish Specific Offenses" and the "Law for Establishing the Reovlutionary Court and Revolutionary Prosecution". The highlight of these trials is the hearings on the Minjok Ilbo (Seoul progressive daily) Case. This case was, as a matter of fact, dismissed during the Chang Myun government, but the militarists dug it up again and are Prosecuting the newspaper's officers in the name of anti-Communism. Forecasts speculate that the militarists will rig the trial and get severe sentences passed on the officers in order to gain international recognition that they are staunch anti-Communists. The sentences are expected at the end of August.

CAN FOREIGN AIDS SALVAGE ROK ECONOMY?

BILLIONS OF DOLLARS OF FOREIGN AIDS HAVE BEEN SENT TO S. KOREA DURING THE PAST SIXTEEN YEARS, BUT S. KOREA HAS BECOME POOR THE MORE. WHY? AND WHAT'S WRONG? WE WILL HERE GIVE A FULL ANALYSIS AND DIAGNOSIS ON THE STATUS AND EFFECTS OF FOREIGN AIDS TO KOREA AND SHOW THAT FOREIGN AIDS ALONE CANNOT SAVE THE DETERIORATING ROK ECONOMY.

1. Over-Emphasis On Defense

A Mystery. The United States is pouring tremendous amount of aids into South Korea each year, but livelihood seems never to improve. On the contrary, poverty deepens as the aids grow. Why this mystery?

It is quite true that South Korea lacks the good soil that can preserve and utilize the nourishment injected by the foreign aids. She is in want of a healthy economic system, effective business organizations and trained personnel that can make good use of the aids. But, above everything, too much government spending on defense is the greatest and primary reason for the serious business stagnation, depression and poverty.

Corruption not the True Answer. We may never know exactly how much of the foreign aids were pocketed by corrupt government officials. Still, they couldn't have been so big an amount as to change the current and nature of the aids. For, no matter how corrupt the officials may have been, they had to execute the aids according to strict American prescriptions which did not leave much space for embezzlement. So, it would be improper to put too much stress on corruption and inefficiency of the government in this work to find the correct answer to our mystery.

The mystery cannot be solved until we have probed into the mechanism by which the aids are administered, clarified the nature of the aids, observed the way in which they work and ascertained the results attained by the aids.

II. Aids Through ICA

Shift in Aids. Presently, there are three kinds of foreign aids flowing into Korea. They are the ICA (International Cooperation Administration), UNKRA (United Nations Korean Reconstruction Agency) and U.S. surplus agricultural commodities aids.

U.S. aids to Korea have been going on ever since the American forces marched into Korea in November, 1945. Since the aids are performed as a part of U.S. foreign policy, the character of Korean aid has changed frequently in line with the shifts in U.S. foreign policies which altered in reflex to the violent changes in the international situation. U.S. aids to Korea began with the GARIOA executed by the U.S. occupation forces, then shifted to ECA (Economic Cooperation Administration), MSA (Mutual Security Act), FOA (Foreign Operations Administration) and finally arrived at the current ICA aids. These are the major aids which have provided the material support for the execution of U.S. policy in Korea.

Defense Obligations. ICA aids are administered by the International Cooperation Administration which belongs to the U.S. State Department.

The objective of these aids is to to help stabilize the economy, prompt the economic recovery and development of the recipient nation and also offer technical assistances. The obligation on the part of the recipient is to execute its defense responsibilities stipulated in bilateral or multilateral defense agreements. In other words, the recipient nation must contribute to the defense of the free world as well as its own by supplying man power, resources and facilities as far as the cooperation does not threaten its political and economic stability.

A Dollar for a Penny. As results of the aids, South Korea has to toler broad U.S. interventions in her politics and economy. The interventions are really serious. For, the national budget cannot be drawn up until agreed by the United States Operations Mission to Korea (USOM) which is in charge of supervising the U.S. aid programmes. To be more precise, the ROK government needs the consent of the U.N. commander before it can decide on the appropriation for direct defense expenditures in the budget bill. Meanwhile, half of the annual revenue is covered by the special account raised through sales of U.S. aid materials and expenditure of this account is subject to strict supervision of the USOM. The banking system is also held under the control of the USOM by laws and the important position U.S. aids occupy in the Korean economy. Thus the USOM possesses full control of the country's fiscal and monetary system, and through that control it exercises its influence on every sector of ROK domestic policies, price, wage, farm etc. It could be said that South Korea is paying a dollar back for the penny borrowed.

LITTLE TO BASIC INDUSTRIES

Project and Nonproject Aids. The ICA aids are classified into two groups of PROJECT (INSTALLATION) ASSISTANCE and NONPROJECT (SALABLE CONSUMMERS' GOODS) ASSISTANCE.

As to Project Assistance, emphasis is generally put on supply of raw and processed materials to basic industries. In actual transaction, the ROK government selects qualified contractors and licenses the import of the aid materials by giving dollar allotments to them. Bribery frequently accompanied this selection and caused so many scandals.

As to Nonproject Assistance, the bulk of the aids is consumers' goods of which U.S. surplus agricultural commodities occupy a big part. The dollar allotments for importing these goods and materials are put up at public auctions and the hwan charges of the sales are transferred to the governments' special account.

Hammer or Butter? The U.S. and the Korean authorities have sharply differed on the import ratio between these two Assistances of "hammer and butter." The ROK government, of course, always asks for increase in assistances to installation projects but the Americans would turn the request down. This controversy over the distribution is repeated each year and the Koreans would yield each time.

A good example is the fiscal 1956 negotiations. In drawing up its Materials Mobilization Programme for the 1956 budget of which ICA aid funds ammounted to 277 million dollars, the ROK government asked for the following breakdown of ICA aids: Project Assistance, 52%; Nonproject Assistance, 43% and Relief and Technical Assistances, 5%. The Koreans argued that since foreign aids cannot be expected to continue forever, emphasis should be placed on development of basic industries so that a swift economic recovery can be attained. This was a modest demand, for in the 1955 negotiations, a 60% allotment request for Project Assistance was cut only to 47%.

In answer to the Korean plan, the Americans replied that economic stabilization should precede economic development and in order to get the current inflation under control, a bigger proportion of the aid funds should be spent on imports of consumers' goods. According to this view, the U.S. insisted on the following breakdown: Project Assistance, 33.9%; Nonproject, 63.3% and Relief and Technical Assistances, 2.8%.

The ROK government conceded by cutting Project Assistance down to 50% and raising Nonproject Assistance up to 38%, but still could not satisfy the Americans.

Weakness of a Recipient. On account of the differences, commencement of the aid programme was delayed for three months. This put a grave setback on the ROK government in drawing up its fiscal 1956 supplementary budget and materials mobilization plan. A tentative measure had to be agreed at the 37th planning Subcommittee of the U.S.-ROK Joint Economic Committee on Jan. 17, 1955, so as to bring urgent aids into Korea.

Negotiations were continued on the remaining points at issue, but they dragged on. The U.S. persisted in its standpoint that the ROK government should trim its deficit budget and recover a balanced budget by increasing ICA aid allotments to Nonproject Assistance. The Koreans had but to yield and the following agreement was reached: Project Assistance, 30% (including Relief); Nonproject Assistance, 68% and Technical Assistance, 2%. The U.S. line was enforced beyond the original plan.

Low Investment Flow-in. We have thus seen that the U.S. tends to shun introducing capital investments into Korea. This tendency can be detected in the process of executing these aid programmes too. Throughout the aid years, fulfillment percentages of Project Assistances were very low, whereas Nonproject Assistances were fulfilled at high rates.

During ICA aid years from 1954 to '59, actual fulfillment average of Project Assistances against the final plans is 68%, while that of Nonproject Assistances registered 83% and in the case of Technical Assistances, the average only reached 37%. These figures indicate the low level of capital investments coming into Korea.

Actual Receipts during 1954-59. According to statistics (see Table 1) on the actual receipts of ICA aids from July, 1954 to Dec., 1958, against the total amount of $1,153,780,000, Project Assistances marked $341,842,000 (29.6%); Nonproject Assistances, $803,900,000 (69.5%) and Technical Assistances, $8,037,000 (0.7%).

The low composition rate of Project As-

sistances and the low fulfillment average have put imports of capital goods far below the figures originally planned. So, we are getting further away from answering the demands to reconstruct the basic industries.

MATERIAL COMPOSITION OF ICA AIDS

Aids to Basic Industries. During the period of fiscal 1953 to '59, total ICA aids received amounted to $1,620,065,000, of which Project Assistances were $393,245,000 (28.87%). (see Table 2).

This Project Assistance envisages so broad a sphere that we are reminded of a national budget. Starting with mining, manufacturing and transportation industries, it also covers such fields as agriculture, education and even health, sanitation and projects.

In Essence, Fiscal Aids. Since the ROK government is gasping under the heavy burdens of direct and indirect defense expenditures which amount to 75% of the total national budget, civil administration is practically neglected. Special taxes such as the "Education Tax" have been enforced, but inspite of such measures, great difficulty is being felt in just maintaining the present educational institutions. So, ICA aids are used to provide the funds to answer these fiscal demands which the government cannot provide from its own revenue. The aid programme, therefore, has to be an all-around sharing, fair to all parties concerned. The ICA

TABLE 1
ICA AID PROGRAM

(One Thousand Dollars

Groups	Fiscal Year	Final Plan (A)	Actual Receipts (B)	B/A%
Project	1954	80,462	78,580	98
Assistance	1955	138,152	131,138	95
	1956	88,895	65,998	74
	1957	106,118	59,780	56
	1958	46,072	5,406	12
	1959	40,886	940	2
	TOTAL	500,585	341,842	68
Nonproject	1954	98,303	98,268	100
Assist.	1955	108,855	108,818	100
	1956	222,634	222,542	100
	1957	210,532	209,755	97
	1958	184,945	159,825	86
	1959	141,551	4,693	3
	TOTAL	966,820	803,901	83
Technical	1956	4,138	2,800	68
Assist.	1957	5,137	2,566	50
	1958	6,331	1,858	29
	1959	5,802	813	14
	TOTAL	21,408	8,037	37
	GRAND TOTAL	1,488,812	1,153,781	77

Statistics by Bank of Korea

aids, in this sense ,are fiscal aids.

Stress on Defense. In the Project Assistance group, priority is given to Transportation Industry Projects. The assistance breakdown to this industry is as follows: Highways and Bridges, $12,016,000; Urban Transit and Traffic Engineering, $1,278,000; Railways, $144,206,000. The total $177,944,000 adds up to 45% of the total Project Assistances. This stress on transportation indicates the semi-military nature of the aids to installation projects. Within the transportation project assistance, priority is given to railway projects which constitutes 87% of the total. However, half of this amount for railroad projects is alloted to imports of coal. The remaining half was spent on coaches and freight cars, deisel locomotives and railway construction projects. Considering the the present state of Korean railroads, emphasis should be placed on railway construction, but here only 18% were alloted for that purpose.

In 1955, operational equipments such as freight cars and diesel locomotives were supplied by U.S. armed forces surplus materials. In this way, a large quantity of "obsolete" U.S. surplus material seems to have been imported throughout the aid years.

This means that even aids to transportation projects are not playing positive roles. Development and expansion of railroads and road net-works are the projects needed, but most of the aid money is spent on maintenance purposes like depreciation and reinforcement of present facilities and equipments.

From stragetic standpoints, the present trunk lines that connect the main cities and ports would suffice, so all that is needed is to bring in maintenance materials. (The ROK government had plans to repair other industrial lines and build new ones by utilizing ICA aid funds, but running into USOM opposition, had to abandon the plans.) Inspite of the semi-military nature, ICA aids would be all right if they would really help in building the industry, but being so negative, they hardly contribute in reconstructing the basic industries.

Aids to Mining and Manufacturing. Aids to Mining and Manufacturing Industries come next in line to Transportation. Total receipts here during the seven aid years reached $117,129,000. This is equal to 30% of the total Project Assistances. The main receipts in this bracket were: Hydraulic Plant Construction and Rehabilitation assistances, $52,100,000 and Manufacturing assistances, $57,357,000. These assistances occupied 44.6 and 48.7%, respectively, of the total assistances to this bracket.

Meanwhile, $13,616,000 were received for Communication Facilities, $35,966,000 for Fertilizer Plants, $27,179,000 for Thermal Power Plant Construction and $18,424,000 for Miscellaneous Small Industries.

Aids to Fertilizer Plants. As we will see later, fertilizers and U.S. surplus farm goods aids are the two decisive factors that determine ROK agricultural policy. In the aids to mining and manufacturing industries, one-third of the total assistances has gone to fertilizer plant construction, which indicates a trend of ICA aids.

Aids to Power Plants. $52,107,000 have been received in seven years for Construction and Rehabilitation of Power Plants. As rehabilitation expenses are lump sum depreciations, aids for constructing power plants, in a positive sense, would be $27,179,000. This is 23.2% of total aids to Mining and Manufacturing, 6.9% of total Project Assistances and only 2% of the grand total. Presently, ROK economy is suffering with absolute shortage in power. And on this account, curtailment is forced on production. Under the circumstances ,the 2% cannot help much.

If underdeveloped countries are to catch up with the advanced nations, they must, first of all, develop power resources. Lenin declared that electrification of industries would be the decisive problem for the success or failure of Russia's revolution and

he rigorously pushed forward the plan to develop power plants.

Another important point here is that the 2% for power plants were not provided for new hydraulic power plants but for the construction of thermal power plants. Unlike the process in generating electricity by utilizing the natural fall of water, in case of thermal plants, their power materials like coal or crude oil must be sought elsewhere since they are not eventual power resources in themselves.

Thermal power plants will suffice for small-scale domestic use, but as industrial power sources, they are too unstable. For, South Korea has no oil well nor good coal reserves. She has to import six to eight hundred thousand tons of coal per year. The money spent in buying these coal has put another big burden on South Korea's bad state of balance of payments. Furthermore, the comparatively high cost of thermal-powered electricity puts the country's products at a disadvantage in international competition. So South Korea cannot earn the dollars she needs so desparately. Therefore, we must say that construction of thermal plants is not the final solution of the power problem.

Aids to Miscellaneous Small Industries. As of Dec., 1959, 44 small industries were put up through ICA aids and 99 more are to be set up. They were all light industries such as paper, medicine, gelatine, iron chain, tire repair and ice plants. The problem of nurturing small industries should, however, be taken up as an economic policy or a social welfare policy by the government instead. But, as the government has no funds, the problem is turned over into the care of ICA aids. Since small industries are not proper investment objectives for foreign aids, the results will certainly be far from assuring.

Aids to Communications Industry. Like aids to transportation industry, public works and welfare projects, the assistances to the communications industry are direct fiscal aids. Similar to Japan, communication facilities such as postal service, telephone and telegraph are all government monopolies. In this field too, even the minimum facility depreciation is not possible by South Korea's own budget resources. And, since they are as indispensable as transportation facilities to defense, direct financial aids are requisite.

Other Aid Items. The assistances to the remaining items like Agriculture, Health and Sanitation, Education, Public Administration and Social Welfare are all transfer of the government's fiscal responsibilities to the ICA aids.

NATURE OF PROJECT ASSISTANCE

If a self-sustaining national economy is to be attained, emphasis should be placed on development of power and mineral resources as well as advancement of steel, machinery and chemical industries. But the ICA aids do not show much enthusiasm in this direction. Advancement of steel and machinery industries and development of mineral resources are totally omitted from the aid programmes. Although aids to mining and manufacturing industries and to transportation facilities, when combined, occupy 75% of the total aids to installation projects. the bulk of the aids were used for depreciation purposes. So, the aids have hardly contributed in boosting the industrial level.

SUMMARY

1. ICA aids support the ROK government finance which is overburdened with defense responsibilities, by executing in place of the government, its

TABLE 2
STATUS OF ICA AID AND SUPPLIES RECEIVED—PROJECT ASSISTANCE

In Thousand US Dollars

	1954	1955	1956	1957	1958	1959	Total
Agriculture and Nat. Resources	198	3,404	1,784	5,947	4,549	6,876	22,758
Agricultural Research	—	—	42	357	426	1,116	1,941
Land and Water Resources	—	2,239	859	3,124	3,035	3,361	12,573
Crop and Livestock Devel.	198	1,151	686	2,165	374	838	1,412
Forestry	—	—	187	79	79	17	360
Fisheries	—	—	—	98	571	1,359	2,028
All Others	—	14	10	124	66	185	399
Industry and Mining	6,367	21,168	25,960	28,935	22,345	12,354	177,129
Mining and Minerals	—	—	29	102	363	1,201	2,195
Power	6,207	11,876	13,873	6,083	2,246	1,807	52,103
Rehab. of Hwachon Pow. Plant	(88)	(380)	(4,778)	(3,932)	(356)	(32)	(9,566)
Thermal Plant Construction	(6,119)	(10,674)	(7,912)	(1,474)	(349)	(651)	(27,179)
Others	—	(822)	(1,203)	(677)	(1,541)	(1,124)	(1,367)
Communications	29	2,508	2,195	3,600	2,296	2,988	13,616
Manufacturing and Processing	—	6,663	9,843	19,079	15,828	5,943	57,357
Fertilizer Plant	—	(5,645)	(5,683)	(13,527)	(8,277)	(2,828)	(39,960)
Misc. Small Industries	—	(970)	(3,621)	(5,413)	(5,469)	(2,951)	(18,424)
Others	—	(48)	(539)	(139)	(2,082)	(164)	(2,972)
Engineering and Construction	131	35	—	—	1,059	400	1,625
All Others	—	86	—	71	53	15	225
Transportation	1,305	62,024	42,097	42,129	20,229	10,150	177,934
Highways and Bridges	122	3,893	2,192	1,816	2,215	1,788	12,016
Urban Transit and Tra. Engin.	—	—	377	662	158	81	1,278
Railways	627	49,937	31,942	37,042	17,051	7,607	144,206
Railways Construction	(300)	(9,697)	(5,187)	(11,432)	(438)	(713)	(27,767)
KNR Coal	—	(25,370)	22,077)	(22,770)	(378)	(250)	(70,845)
Coaches & Freight Cars	(327)	(14,870)	(2,047)	(533)	(973)	(1,636)	(20,386)
Diesel Locomotives	—	—	—	(6,800)	(3,094)	(3,317)	(13,211)
Others	—	—	(2,631)	(1,656)	(12,168)	(2,191)	(18,646)
Port and Sarbor Facilities	556	8,089	7,530	1,832	795	326	19,038
Civil Aviation	—	21	42	269	118	230	680
Ship Operation	—	—	14	5	8	118	145
All Others	—	84	—	503	26	—	613
Health and Sanitation	255	2,106	2,099	2,741	3,786	3,079	14,039
Education	—	33	982	3,491	3,172	3,692	11,370
Public Administration	—	—	124	396	1,437	1,170	3,127
Social Welfare & Housing	1,570	7,330	9,003	6,266	4,927	2,492	29,056
General & Misc.	470	1,395	3,341	2,824	3,445	3,798	15,273
Total	10,165	97,460	85,390	92,729	63,890	43,611	393,245

Source: U.S. Operations Mission To Korea

fiscal responsibilities. And for this account, the distribution of the aids has to be an all-around sharing, fair to all parties concerned.

2. The aids are no answer to the calls for reconstructing the basic industries. Demands for a self-sustaining national economy are completely neglected. The aids are spent mainly on maintenance, depreciation and repairment purposes.

3. The aids possess a semi-military nature. Stress is put on industries directly connected with defense. And they support the ROK government's finance which is highly defense-centered.

4. In connection to Point 2, we can detect designs to secure foreign markets through creation of long-ranged effectual demands in S. Korea.

5. The government's low-rice-price policy is supported by these aids.

These points are the main factors that decide the nature of ICA aids to installation projects.

OUTLINE OF NONPROJECT (CONSUMERS' GOODS) ASSISTANCES

Major Part of ICA Aids. During the period of 1953 to '59, actual receipts of Nonproject Assistances added up to $968,820,000 which was 71% of the grand total.

This high proportion rate distinguishes the true character of ICA aids. Let us probe further in order to make this characteristic clearer by observing the material composition of Nonproject Assistances.

The main objective of these aids is to supply the necessary consumers' goods. So, such goods occupy the major portion of Nonproject Assistances. Another notable point is that imports of agricultural products and fertilizers are also outstanding here.

Too Much Leftovers. During the same period, imports of U.S. surplus farm goods amounted to the big sum of $241,478,000 which was equal to one-fourth of total Nonproject Assistances, and one-fifth of the grand total.

Vastness of the imports could be easily understood when we compare the amount to the total South Korean rice produce in 1959 of 335,700 million hwan. The imports equalled 80%.

As a rule, agricultural products lack flexibility and unlike luxuries which bring strong demands as price drops and therefore offset further price decline, have tendencies to crash or boom in prices with a little excess or shortage in supply. The effects which U.S. surplus farm goods have brought on Korean farmers is devastating. The fact that rice price in Korea is only half of that in Japan gives one a good picture of the situation.

Agonies of a Beggar. Thousands of farmers are still abandoning their farms pressed by the harships under the low-rice-price policy. And many of them are on the brinks of starvation and have to dig up roots in order to keep alive. It may be improper to put all the blame on U.S. surplus farm goods for this impoverishment and tragedies of Korean farmers, but they certainly are one of the main causes.

Then why does the ROK government want to import and the U.S. wish to send in U.S. surplus farm products which have caused such misery? A whole book would be needed to answer this question, so here we will just point out that it is the result of the low-rice-price policy of the government and materials mobilization plan of the U.S.

Staggering Amount of Fertilizer. The government's food policy is supported by the Grain Control Law which is a compulsory law having penal provisions stipulating punishments up to death; imports of U.S. surplus farm goods which enable market operations and the government fertilizer control which is a half-economic and half-compulsory system.

Major portion of fertilizers used in Korea rely on imports, of which over 80% is supplied through U.S. aids. The Agriculture Bank is in charge of the fertilizer aid accounts and distributes fertilizers according to the Fertilizer Distribution Programme enforced on Jan. 16, 1957.

During the period of 1953 to '59, $263,823,000 worth of fertilizers were imported through ICA aids which constituted 54% of the assistances to Raw Materials and Semi-finished Products. If we add Agricultural Commodities and Agricultural Commodities and Agricultural Chemical assistances, agricultural aids will be 56% of total Nonproject Assistances. Furthermore, if aids to Agriculture and Natural Resources and Fertilizer Plant Construction in the Project Assistances are added, total agricultural aids will be $567,789,000, which show a high rate of 42% of the grand total. This testifies to the vast support given to the ROK government's farm policy by the ICA aids.

Cheap Yield-increase Plans. There are two problems to be questioned on the ROK government's fertilizer policy. The first is the yield-increase of food stuffs through strenuous exploitation of the soil and the other is the maintenance of the low priced rice quota delivery system.

In order to increase the yield of food stuffs, broad and coordinated measures like land development, expansion of arable land through drainage, consolidation of irrigation facilities, increase and expansion of agricultural laboratories, forestry conservation and anti-flood works are needed. But, under the present circumstances, such projects are beyond the capability of the government to undertake.

Yet, yield-increase must be gained in order to maintain the low-rice-price policy. If not, the policy will collapse and with it the low-wage policy will break down, and then the whole basis on which the ROK economy is built will be endangered, which means that the maintenance of the 600,000 armed forces will become impossible.

Illegitimate Child. The yield-increase policy is shaped on contradictions: For defense, the government will spend as much as asked, whereas for yield-increase, it cannot spare another cent. Still, the yield-increase efforts must be carried on in order to secure the present economic system which upholds the vast defense system. This dilenma forces the government to get the rice at the expense of spoiling the soil. And, in order to get more cheap rice in short periods and without any financial expenditures, the government urges the use of human manure. Such policy is only a tentative evasion of the problem and a crisis is bound to come in time demanding a real solution of the problem. This policy is an unwanted child borne by the defense-centered budget.

Exploitation of Soil Productivity. The overuse of human manure may be a way to get more food for a short time, but the result would be accumulated exploitation of the soil's productivity. An experiment performed at an agriculture laboratory in Fukuoka prefecture of Japan, has proved this point. The experiment proved that rice paddies using inorganic fertilizers showed tendency of diminishing in produce per unit while those using barnyard manure increased.

Symbol of Political Poverty. Korean farmers are nigh suffocating under the extensive exploitation of the government, being imposed compulsory rice quota delivery, heavy taxes and recruitment of their main labor power into the armed forces. In addition, conflicts with land owners tend to cut down on their will to work. So, the farmers go on using human manures instead of preparing barnyard manures.

On top of such difficulties, droughts and floods that are increasing in scale by the year, impair their crops. Since irrigation facilities have collapsed, the farmers must rely on rainfall. A little drought would soon affect the crops, and when the drought continues, rice plants would stand blighted in the paddies without ripening. And on the other hand, a night of torrid rain would cruelly bury the farmers' sweats under muds. The inefficiency in farm administration is the symbol of political poverty in South Korea.

Mean Motives. Fertilizers are distributed in returns for quota delivery. Fertilizers on sale in open market are scarce, and being much higher in price compared to rationed fertilizers, the farmers cannot buy them. So, in order to secure their needful fertilizers, farmers must fulfill their quota. (The quotas are determined by the local grain management committee which is composed mainly of local bosses like land lords and county chiefs.)

In this way, ICA aids support the low-rice-price of the government through tremendous quantity of fertilizer imports. But, as stress is put on importing finished products instead of building new fertilizer plants and as U.S. surplus farm products are forced on South Korea, we can note designs of the Americans trying to secure overseas markets for their own farmers.

Other Aid Materials. The total imports of other aid items in the Nonproject Assistances group amounted to $473, 519,000 in the same period. Receipts of Raw Materials and Semi-finished Products excluding fertilizers and agricultural chemicals amounted to $218,894,000, of which Imports of Raw Materials for Light Industries totalled $188,464,000. In other words, 80% of the total imports here have gone to light industries.

Priority on Consumers' Goods. Raw Materials and Semi-finished Products assistances are centered on supplying raw materials and consumer goods to light industries directly connected to the consuming public.

The breakdown of main Material assistances to light industries are as follows: Textile Materials like rayon yarn, abacas etc., $80,810,000; Paper and Pulps, $26, 710,000; Raw Rubber, $22,110,000; Agricultural Chemicals, $20,790,000 and Synthetic Plastics, $10,170,000. The order is set according to their demands.

Among other direct consumers' goods aids, imports of Medicines marked $18, 192,000 and Auto Parts, Tire and Tubes and Electrical Apparatus added up to $12, 243,000.

The eminence of Textile Materials imports here, shows us that the price level of Korean textiles is low next in line to that of farm products and this is another factor that upholds the government's low-wage policy.

Receipts of Investment Salables totaled $114,939,000, which was 8% of the grand total of ICA aids and 14% of total Nonproject Assistances. In addition to this lowly rate, the contents were really shabby too.

Although not procurable in Korea, stress should be put on importing machineries in order to gain capital formation. But, receipts of Machineries within this Investment Salable assistances have only amounted to $50,932,000. Compare this to $241, 472,000 of surplus farm products and $263, 823,000 of fertilizers. Imports of machineries didn't reach 10% of these aids. Among other items, Construction Materials are received here too. But there seems no special need for importing such things, for they can be procured in Korea.

SUMMARY

The characteristics of Nonproject Assistances can be summed up as follows:

1. The objective of these aids is to

TABLE 3
STATUS OF ICA AID AND SUPPLIES RECEIVED—NONPROJECT ASSISTANCE

In Thousand US Dollars

	1953~1954	1955	1956	1957	1958	1959	Total
Agricultural Commodities	27,368	28,443	37,747	73,758	41,736	32,426	241,478
Wheat	2,007	3,982	9,012	22,809	3,945	7,295	49,050
Barley	2,572	104	5,073	13,863	1,931	13	23,556
Raw Sugar	574	1,299	4,717	8,271	3,250	6	18,117
Raw Cotton	20,195	22,039	16,396	26,425	30,815	23,369	139,339
Molasses	209	421	317	183	—	—	1,130
Soybeans	691	200	198	81	—	—	1,170
Tallow	645	398	1,943	1,084	1,322	1,336	6,728
Others	475	—	91	1,042	473	445	2,526
Fuels	11,712	10,471	23,473	24,000	35,395	20,625	125,679
Petroleum, Oil & Lubri.	10,499	7,215	20,162	20,357	24,667	19,379	102,279
Bituminous Coal	1,213	3,211	3,025	2,900	10,569	1,070	21,918
Paraffin Wax	—	—	286	198	13	—	497
Others	—	45	—	545	146	176	912
Raw Materials and Semi-finished Products	32,126	54,937	107,171	105,638	97,960	88,895	486,727
Fertilizers	17,520	40,792	55,686	56,556	47,652	45,617	263,823
Pesticides	139	448	1,083	869	745	721	4,005
Raw Rubber	2,284	1,000	5,884	3,658	3,774	5,509	22,109
Raw Hides	200	334	1,515	611	506	504	3,670
Rayon Yarn	1,982	1,449	14,228	12,715	10,144	9,723	50,241
Worsted Yarn	505	505	6,764	7,546	7,592	3,735	26,647
Chemicals	861	1,487	3,334	3,853	5,933	5,326	20,794
Medical Supplies	1,183	1,185	4,019	4,541	3,761	3,503	18,192
Abaca	804	—	729	661	400	831	3,425
Paper	400	329	6,836	5,012	7,096	1,553	20,226
Pulp	110	183	850	796	1,306	2,245	5,484
Dyestuffs	—	199	958	1,489	1,550	1,146	5,342
Caustic Soda	—	279	565	841	—	—	1,685
Nonmetallic Minerals	318	71	—	—	265	749	1,403
Synthetic Plastics	—	451	2,162	2,425	3,136	1,995	10,169
Auto Spare Parts	337	1,344	85	95	274	27	2,162
Tires and Tubes	975	139	532	783	179	—	2,608
Generators and Motors	58	1,829	608	265	1,139	336	2,162
Electrical Apparatus	21	1,641	900	1,949	1,638	1,328	7,473
Engines and Turbines	—	—	—	—	—	21	21
Laboratory and Scientific Equip.	144	464	308	458	668	660	2,706
Others	4,285	808	125	521	202	3,366	9,307
Investment Salables	6,637	14,504	17,268	27,142	26,648	22,740	114,939
(Misc. Construction Mat.)	(830)	(161)	(176)	(49)	(571)	(335)	(2,122)
(Misc, Industrial Machinery)	(354)	(2,198)	(3,351)	(5,401)	(8,800)	(8,114)	(28,218)
(Metal Working Machinery)	(262)	(1,529)	(413)	(419)	(939)	(584)	(4,146)
Total	77,843	108,355	185,659	230,538	201,739	164,686	968,820

Source: U.S. Operations Mission to Korea

supply consumers' goods. Higher the demand, the more the item is imported. However, low price commodities like textiles and farm products are also imported in large quantities. This characteristic of ICA aids helps in supporting the low-wage policy and puts pressure on domestic industries by flooding the markets with foreign goods.

2. Another characteristic of these aids is that they provide material supports to the governments basic agriculture policies which rely on the exploitation of the farmers. The government's low-rice-price policy accelerates the imports of U.S. surplus farm products which the U.S. is finding difficulties to dispose of. Furthermore this cheap food policy is the result of too much spending on defense, and brings about the grave consequence of spoiling soil productivity.

3. The main task of these aids is to supply raw materials to light industries. This means that the materials are supplied in liquid capital form participating only once in the production process. Thus, perpetual repetition of importing these materials is necessitated, and consequently, S. Korea will be a permanent market for American goods. The American argument is that the aids are granted to counter the inflation. But, as long as S. Korea maintains her gigantic army, the creeping inflation will not be curbed.

4. Next, the position of U.S. internal policies is emphasized in these aids. This is symbolized by the fact that 56% of Nonproject Assistance is composed of agricultural materials. The same can be said for the coal imports in the Project Assistances. Hit hard by low demands, coal industry of U.S. is curtailing its production each year. So, again S. Korea is being sought as markets for these depressed U.S. industries.

COUNTERPART FUNDS OF IAC AIDS

Narcotic to Foreign Aids. Since we have observed the material composition of ICA aids, let us next see how the aids work when they are converted into counterpart funds.

The counterpart funds of ICA aids are managed by the budget's Special Account for ICA Counterpart Funds. A law by the name of Counterpart Funds Special Account Law was enacted on March 12, 1954 to administer the funds raised through the sales of U.S. aid materials. This account works in the following manner: (1) This Special Account is divided into five subordinate accounts of Reserve Funds, Collection, Repayment, Transfer and Loan Sub. Accounts. (2) Hwan accounts corresponding to the dollar amount of aid materials received are deposited in the Reserve Funds Subordinate Account. (3) All the proceeds from sales of aid materials are collected and placed in charge of the Collection Sub. Account. (4) Part of the Reserve Funds Sub. Account can be used for: investments in projects for rehabilitation and reconstruction of South Korean economy; supplementing the budget deficit; and relief works. (5) The Transfer Sub. Account enables transfer of money from the Reserve Funds Sub. Account to other Special Accounts and the General Accounts for reconstruction purposes. (7) The Loan Sub, Account transfers funds to other accounts and private organizations to

meet reconstruction demands.

Presently, however, transfer of funds and loans are made direcetly through the Reserve Funds Sub. Account.

ICA Aids Occupy 94% of Total Aids. During the aid years from 1953 to '59, counterpart funds of ICA aids managed by this Special Account amounted to 616,482,000,000 hwan. Since the grand total of foreign aids, including UNKRA and CRIK aids, during the same period registered 655,504,000,000 hwan, ICA aids occupied an overwhelming 94% of total aids to Korea. This Special Account, therefore, was set up solely to manage the ICA counterpart funds. So, if we carefully observe the operation of this special account we can find out how ICA aids work within the fiscal mechanism of the ROK Government. As shown in Table 4, the revenues for Counterpart Funds Special Account in the 1959 Budget were raised through the 120,181,000,000 hwan borrowed from the Bank of Korea and 19,468,700,000 hwan transferred from the Collection Sub. Account. (The money borrowed from the Bank of Korea will be repayed with the proceeds from sales of ICA aid materials.)

The most significant point here is that the expenditures of this Special Account was about the same as the defense expenditures of that year. Although the counterpart funds are transferred to other Special Accounts, the General Accounts and private loans, they actually underwrite the defense expenditures whose funds are provided by internal revenues.

The U.S. is more frank on this point. They group these aids in the category of "Defense Assistances," which is a proof that ICA aids are essentially defense aids.

Counterpart Funds Occupy 34% of ROK Budget Revenues. As shown in Table 5, counterpart funds of ICA aid materials occupied 34% of the 1959 ROK budget revenues.

This figure shows how much the ROK government relies on foreign aids. At the same time, the government is so deep in debt that it cannot change the nature of the aids any more. The government has become narcotic to these aids. The drugs have already eaten into its veins and have become master of its personality.

TABLE 4
COUNTERPART FUNDS SPECIAL ACCOUNT (1959)

Revenues (Unit: 1 million hwan)	
Money Borrowed from Reserve Funds	120,181.1
Reserves	19,468.7
TOTAL	139,649.8
Expenditures	
Transferred to Economic Rehabilitation Special A/C	56,362.0
Transferred to General A/C	53,000.0
Transferred to Office of Supply Special A/C	1,631.0
Agreement Expense	11,400.0
Private Loans	24,534.0
Contingent Funds	1,500.0
TOTAL	139,649.8

Breakdown of Defense Expenditures. In the 1959 Budget, defense expenditures accounted for 141,133 million hwan, of which personnel wages occupied 107,989 million hwan, transferred expenditures, 2,651 million hwan; civilian payments, 2,230 million hwan; local government expenses, 421 million hwan and other services and materials, 30,493 million hwan. Meanwhile, another 50 million dollars of defense aids were spent on military equipments and installations.

Reverse Effects of Anti-inflation Policy. As mentioned above, the U.S. and the ROK government disagreed on the proportion rate of distributing aids to Project and Nonproject Assistances. When observed from budgetary standpoint, the controversy comes up in connection with the amount of the sales proceeds of aid materials to be turned over to the Collection Sub. Account.

The release of aid materials is aimed at countering inflation by absorbing the relatively excessive buying power and also to make up for the budgetary deficit

TABLE 5
REVENUES OF GENERAL ACCOUNTS
FISCAL 1959
(Unit: 1 million hwan)

Tax Revenue	222,660	55.0%
Receipts from Gov't Enterprises	22,110	5.5
National Bonds	4,995	1.3
Transferred fro Counterfunnds Special A/C	136,928	34.0
Miscellaneous	16,033	4.2
TOTAL	402,716	100.0

by filling in for the fiscal demands. The U.S. has emphasized these effects and persisted in giving high-rate distribution to consumers' goods imports; whereas, the ROK government wanted to attain economic growth first, and then check the inflation. The U.S. position seeks immediate counter-inflation, while the Korean position is long-ranged.

Morever, the Americans argued: "The monetary and fiscal systems have to be stabilized before any healthy development of national economy can be gained. If this pre-condition is not fulfilled, serious inflation will ensue, and, eventually, the national economy will collapse. To succeed in rehabilitating Korean economy, one must not make the grave mistake of stepping into quick sand."

But, in face of such argument, the anti-inflation line advocated by the U.S. is bringing about reverse effects. Firstly, the local industries are stagnating under the pressure of excessive imports of competitive goods, and, secondly, the imports of surplus farm commodities have undermined the buying power of the farmers which, consequently, dampens the activities of domestic industries.

So, inspite of the controversial anti-inflation measures taken by the government, inflation marches on. A totally drastic operation is needed to stem the inflation. For that, a big cut must be done on the defense expenditures. This, however, will not be enough. South Korea must gain full independence, politically and economically. The present colonial structure of South Korean economy makes it an imposibility for South Korea to attain a self-sustaining economy. She must be reunified with industrial and resource rich North Korea. Unification alone can rehabilitate the crumbling ROK economy.

SUMMARY

Let us now summarize what we have observed on ICA aids when they become budgetary funds.

1. When ICA aids are converted into budgetary funds, they fully reappear pear in the form of fiscal assistances. These aids occupy a substantial part (roughly 34%) of the national revenues.

2. These aids, at the same time, are defense aids. They not only underwrite the defense spending of the ROK government but also strengthen the defense-centered characteristic of the budget.

3. The U.S. hopes to curb the S. Korean inflation with the aids in a short period, but the aids are bringing about reverse results.

III. U.S. Surplus Farm Goods Aids

FOR WHOM?

We have already observed the grave effects the U.S. surplus farm goods have brought on the Korean farms. We must probe further to make clear the extensiveness of the damage.

Two Routes. There are two routes via which the U.S. surplus farm commodities aids are sent abroad. The first derives from Article 402 of U.S. Mutual Security Act enacted in 1954 which stipulated that more than 350 million dollars of MSA aids must be spent on surplus farm goods aids. The surplus farm goods received by Korea through ICA aids belong to this category. The other route is via the Agricultural Commodities Trade Expansion Act enacted in 1954. By this act, the U.S. president is given the authority to give away 30 million dollars of surplus farm goods for famine and relief and grant another 70 million dollars worth of farm products which are to be bought with the currency of the recipient nation. The surplus farm goods aids in this category will be our concern here.

Objective: Market Expansion. By the way, this same Act stipulated that the counterpart funds gained through the sales of the farm goods should be used for the following objectives:

1) To expand markets for U.S. farm products
2) To purchase rare materials and services for U.S. security
3) To purchase defense materials, equipments and services for mutual defense
4) To purchase materials and services for U.S. allies
5) To increase production of materials to meet domestic demands
6) To repay debts to the U.S.
7) To promote multilateral trade and economic development
8) To spend on cultural exchange etc.

In short, the counterpart funds must be utilized in the direction of strengthening U.S. world strategy. And, of course, these aids help the American farmers in expanding their markets too.

Use in Korea. These two points are particularly emphasized in Korea. In the 1955 U.S.-ROK Surplus Farm Commodities Aid Agreement, against the total surplus farm goods receipts of 15 million dollars, 9 million dollars were alloted to expenses for expanding markets for U.S. farm products and also for the expenses of the U.S. agencies in Korea, while the remaining 6 million dollars were turned over to ROK defense expenditures. And, in this case, the U.S. decided the distribution and spending order of the funds.

Outlet for U.S. Surplus Farm Goods. The U.S. government spends some 700 million dollars yearly for farm subsidies in order to maintain the present parity system of farm products. This is more than 24 times that of the entire ROK national budget! When these surplus farm goods so burdening to the U.S. government come into Korea, they, on the one hand, serve in cutting open new markets, but, on the other hand, they hit the Korean farmers hard. Still, the ROK government is happy, since the goods help in bolstering its low-rice-price policy, and, at the same time, maintain its gigantic army. For the U.S., Korea must be a very suitable market to dispose of its excessive farm produce.

Controversy Over What to bring in. The U.S. and ROK government have always differed on the kind of farm goods to bring into Korea. The U.S. have demanded a rational disposal of its surplus, while the ROK government sought to import products that would yield higher proceeds.

During negotiations, the ROK government always asked for increase in aids. Since such requests were welcoming to the U.S., the negotiations usually resulted in increase. But, at times, decrease ensued too.

Example: 1956. In the 1956 negotiations, the U.S. and ROK reached an agreement to set the total U.S. surplus farm goods aid at 55.5 million dollars. Later, the ROK government requested an increase of 14 million dollars, of which the U.S. consented to send 8.3 million dollars more. The reason why the ROK government's increase request was to make up for the budget deficit. (Note) Some representatives argued in the House Debate that U.S. surplus farm goods were depressing the Korean farms by depreciating prices of domestic farm products, but the government retorted: "The hike in grain prices is threatening the national economy and impairing price stability. In order to coordinate the grain supply and demand without causing further inflation, we must secure more imports of U.S. surplus farm goods."

Rice produce in 1955 registered the highest since the end of World War II and wheat produce marked second highest. Still, the U.S. surplus farm goods aid programme jumped more than twice from 43 million dollars in the previous year to 100 million dollars. Against this total, 32.1 million were spent on grain imports (barley, 5.1 million and wheat, 15.5 million). This was 8 times that imported in 1955 (4 million dollars).

Why did the government import so much when domestic grain produce reached a post-war high? Certainly, there weren't much need on the part of the ROK consumers.

U.S. Headache. The U.S., at that time, was again actively seeking routes to increase its surplus farm good aids. The Korean War had tentatively solved the surplus farm goods problem for U.S., but from mid-1952, farm produce again began exceeding demands. Moreover, in 1953, United Kingdom broke away from the International Wheat Agreement and wheat producing countries like Argentina and Russia pressed into the international wheat market. This put U.S. wheat growers in tight spots again. U.S. farm products rely greatly on international markets. In contast to total produce, 48.3% of wheat, 36.6% of cotton, 57.9% of rice and 43.2% of dry milk are sold in overseas markets. So, enactment of the Agricultural Products Trade Expansion Act was necessitated in 1954. And the leaping increase in 1956 imports of U.S. surplus farm goods, therefore, was urged by these circumstances.

Thus in 1956, 408,000 tons of grains were imported into Korea via U.S. surplus farm goods aid. This figure surpassed the total domestic 1955 wheat, barley and rye produce of 375,000 tons. Owing to such tremendous imports, grain price index dropped from 220 to 150. Ironically, Korean farms were hit by the worst post-war crop in the following year. Still these aids could not help the farmers in their distress.

Vicious Cycle. We must once again question why the ROK government has to ask for extra aids through U.S. surplus farm goods. Taking the year 1959 for example, the government had borrowed a big sum of money from the Bank of Korea and also had repayment liabilities on hand. Price index had shot up to 400 in comparison to 1947 and inflation was progressing. So by bringing in more U.S. surplus farm goods, the government sought to absorb the buying power of the public and curb the inflation forces. But, as always, the government did not think of cutting down on its defense spending. The increase of imports did come in and ease the crisis tentatively, but, the same crisis came around again. This vicious cycle is going round and round.

Difference on Import Items. Besides asking for increase in quantity, the ROK government has always insisted on receiving such farm goods that would help more

in increasing revenues.

During the U.S. negotiations on 1955 surplus farm goods aid programme, the ROK government requested dropping imports of American leaf tobacco. But, the Americans did not give way and Korea had to agree on receiving 5 million dollars worth of U.S. leaf tobacco. The same controversy was repeated in '56, and '57 and each time, the Koreans had to give in.

The reason why Korea cannot welcome leaf tobacco is not because of protectionism but because domestic demands for foreign tobacco leaves are comparatively low. In place of the leaves, South Korea asked to be given more raw cotton and raw sugar, which have far bigger maket demands. And, 40 to 90% of their sales proceeds can be converted into funds for the national budget.

Another Example: 1957. 1956 was a lean year to South Korean farmers. Rice yields hit the lowest since 1944. Against a normal crop of 75 million bushels, the farmers gathered only 65 million bushels. Under the circumstances, agreement was reached to bring in $37 million of rice (200,000 tons), $11 million of barley (153,000), $10 million of wheat (125,000 tons), $11.5 million of raw cotton and $6 million of canned pork. But when the final agreement was inked in Jan., 1957, the above figures were cut down to a total of $18.9 million which was only 23% of the original plan. To find that aids were increased in a bumper year and cut in a lean year, seems highly unreasonable and contradicting. But from the U.S. standpoint, there was no unreasonableness to this. For, in 1956, world trade of farm products had increased 8%. Also crops were bad in Western Europe and U.S. wheat found good markets in that sector. So, aids to Korea had to be cut.

In other words, as far as U.S. surplus farm products aids are concerned, first concern is given to the interests of American farmers. These aids, in fact, are a rational disposal of troublesome U.S. surplus farm produce.

US-ROK SURPLUS FARM COMMODITIES AID AGREEMENTS

(One million dollars)

	1956	1957
Rice		11
Barley	11.5	3.8
Wheat	6.4	2.1
Raw Cotton	7.8	
Leaf Tobacco	2.0	
Canned Pork	8.2	
Lard	3.0	
Dairy Product	11.0	
Ocean Freight	3.8	2.0
TOTAL	43.8	18.9

STATE OF U.S. SURPLUS FARM PRODUCTS

Change in Rural Scenery. Surplus farm products are said to be changing the rural scenery of America. Karl Brandt, author of the book "U.S. Surplus Farm Products", wrote: "When one travels across the U.S. continent, the traveller will notice countless silver, cylinder-shaped silos scattered about the farm lands. Such scenes are very frequent in the corn belt of the mid-west and also on the Pacific Coast. . . . Since, last fall, the government is storaging surplus grains in Liberty transports, unused plane hangars, movie theaters, and even chicken coops."

Origin of the Surplus Problem. Surplus farm products became a serious problem in U.S. following the panic of 1929. U.S. farmers, hard pressed by depression and overproduction, became political conscious and worked to raise the price levels of their farm products.

New Deal and Parity Price. In 1933, the New Deal appeared on the political stage amid great expectations of the depressed farmers. The so-called parity price system was set up to help the farm-

ers. Parity prices were determined in comparison to other commodities and the government supplemented the margin between the parity and market prices with subsidies. In return, the farmers had to cut down on their crop acreage.

But, as production per acre increased, such produce control could no longer be maintained and eventually, the government had to prepare storages to stock the purchased surplus grains.

World War II. The last war, fortunately, cleared the storages. But big increase in productivity renewed the problem on bigger scales. Prosperity during the war enabled the farmers to make vast investments. The income of American farmers in 1945 increased 3 times that of 1940. They saved 12.5 billion dollars compared to 4.2 billion of 1940. Most of this money was spent on farm installations and tools. In 1945, each farmer bought $646 of equipments, and in 1949, the amount doubled to $1,293.

By these investments, productivity of U.S. farms made great leaps. But, contrarily, world demands for U.S. farm goods diminished and overproduction became a serious problem again.

$10 Billion Surplus. In March, 1960, storage of U.S. surplus farm goods reached the $10 billion mark. This tremendous stock occupies 75% of world stock and is equal to 9% of yearly world grain produce (excluding Communist bloc). Some 200 million dollars are needed just for storing expenses. In the twenties, surplus grains were dumped into oceans, but today, they play an important role in U.S. foreign policy. In 1957, 1 billion dollars of surplus farm goods were sent to 25 countries in line with the Agriculture Commodities Trade Expansion Act. And a lot more were sent through MSA aids.

These aids, however, could not take care of the surplus. For, in ratio to each bushel sold, 1.5 bushel has to be storaged as surplus. So, day by day, the problem is getting critical the more.

EFFECTS ON KOREAN FARMS

Cheap Farm Products. When we compare prices of farm products with other commodities, we will see that they are especially cheap. As shown in Table 6, index of grain prices have always been below the overall commodity index, while that of fertilizers was 2.5 times that of grains in 1958. This extremely low price level of farm goods places the farmers in another disadvantage. For, while the prices of farm products are kept down by control measures of the government and imports of U.S. surplus farm goods, the creeping inflation tends to shoot the prices of other commodities up and up. So, crops of the farmers will buy less and less commodities, thus making the farmers poor the more. But this is not all.

No Money for Tools. In 1958, an average farm household's expenditures were 453,517 hwan, of which 171,551 hwan was cash. About 20% of this cash expenditure was dispensable for manufactured goods, which was 6% of the total expenditures. This means that farmers have hardly any money to buy necessary tools.

This average expenditure per household of 453,517 hwan is equal to 417 dollars. As each household has 6.6 persons, expenditure per capita is less than 5.5 dollars a month. Compare this to 7 dollars that a person on poverty relief in Japan would receive in a month. And as no one can possibly live on that measly amount in Japan, it is easy to imagine the low standard of living in South Korean villages. Still, this is in the case of an average farmer. 80% of the farmers are below average and these people are living under really miserable conditions.

CASH EXPENDITURES OF AVERAGE, FARM HOUSEHOLD IN 1958

Item	hwan
Total Cash	171,551
Food	5 ,409
Housing	7,609
Electricity and Heating	27,418
Miscellaneous	78,636
Health	11,070
Transportation	4,518
Social	8,455
Education	17,441
Culture	2,203
Emergency	21,672
Others	10,278

Deeper into Debt. South Korean farmers are falling deeper into debt. In 1956, farms with more than 3.6 acres were able to earn a little profit but farms with less acreage were all in the red. According to a Agriculture Ministry research, total debts of farmers reached 184.4 billion hwan in Oct., last year, and to make matters worse, 70% of these debts were of high interests up to 100%.

The debts of the farmers are not because of poor crops. In 1960, the rice produce marked a post war high of 88,124, 320 bushels which was 10% over an average crop. On top of this bumper crop, immense quantity of U.S. farm products were imported. Grain prices fell 27% to the dismay of the farmers, and they had to borrow again in order to make the ends meet.

Heavy Taxes. The debts are deepened by the heavy taxes which the farmers must pay. Even those farmers who are eating tree roots in order to keep alive must pay taxes at all costs.

The cheap farm products and heavy taxes have impoverished South Korean farms beyond the point of relief. Each year, petty farmers run out of food far before the next harvest season comes around. They must either famish or sell out.

Land Accumulation. From 1951 to '58, small farms under 2.45 acres have decreased from 1,763,713 households to 1, 610,611 households. In other words, 153, 192 households have lost their farms and migrated into cities.

On the contrary, well-to-do farms with 5 acres or more have increased from 96,280

TABLE 6
SEOUL WHOLESALE PRICE INDEXES

Year	Grains	Fertilizers	Total Commodities
1945	3,882		2,817
46	20,901	16,828	22,100
47	36,202	34,279	40,200
48	57,145	38,689	65,500
49	72,404	1,302,602	89,646
50			
51	760,242	2,091,019	884,400
52	2,091,019	2,742,320	1,909,500
53	2,715,150	2,896,675	2,391,900
54	2,208,322	2,896,675	3,055,200
55	5,285,492	5,141,850	5,547,600
56	8,380,258	17,482,290	8,598,780
57	9,629,732	18,510,660	9,874,728
58	7,892,036	18,510,660	8,265,924

TABLE 7

FARMERS' BALANCE SHEET AND TAXES

One Hwan

	Income	Expenses	Balance	Taxes
		1.23 acres & under		
1956	303,469	312,487	— 9,018	7,754
57	435,542	449,483	— 13,941	6,391
58	380,028	406,683	— 26,655	8,710
		1.24 to 2.44 acres		
56	377,367	384,014	— 6,647	13,021
57	548,621	568,260	— 19,639	13,704
58	541,886	570,979	— 29,093	15,566
		2.45 to 3.75 acres		
56	515,784	522,143	— 6,359	25,219
57	733,862	735,954	— 2,092	22,705
58		700,516	— 49,688	24,584
		3.76 to 4.9 acres		
56	632,127	627,524	+ 4,603	36,237
57	733,862	735,954	— 2,092	22,705
58	934,955	940,656	— 5,701	31,048
		5 acres and over		
56	867,392	862,810	+ 4,603	40,643
57	1,227,605	1,266,906	— 49,301	33,736
58	1,218,092	1,330,619	—112,527	41,914

Source: Economic Year Book 1959

households to 144,379 households. This indicates that extensive land accumulation is going on in the farm districts.

Changes in Planted Acreage. So, far, rice, wheat, barley, raw cotton, tobacco leaves, peanuts, canned pork, dry milk, cheese lard and corn have come in through U.S. surplus farm goods aids. Produce and planted acreage have not decreased inspite of the flow-in of these goods, but that does not mean that farms are prospering.

The increase in grain yield is due mostly to increase in planted acreage at the expense of other crops. During ten years from '49 to '59, total planted acreage of wheat and barley increased 310,150 acres, while that of cotton decreased 181,300 acres. Oats and buckwheat acreage decreased 99,210 acres; other grain and corns, 168,560 acres; fiber crops, 174,856 acres; and vegetables, 16,415 acres, which amounts to a total acreage decrease of 459,031 acres. In the meantime, potatos and fruits increased 13,471 acres, so the total decrease of non-staple food acreage was 435,560 acres.

In contrast to this, the planted acreage of rice, barley, wheat and rye increased 590,450 acres. This shows that 90% of the expansion in staple-food acreage were gained at the cost of other crops. The trend is that those crops having higher demands are expanded.

The sad fact is that the planted acreage increase in crops possessing higher marketability does not tell that Korean farms are flourishing. On the contrary, it testifies that South Korean farmers are falling deeper into impoverishment. For, those acreages which were heretofore spared for

such products as corn, buckwheat, beans, peas etc. that added to the farmers' nourishment, must now be turned over to grain crops.

As the government collects rice yields heedless whether the farmers have enough for their household use or not, impose some 30 kinds of taxes on the farmers and maintain its low-rice-price policy, farmers must turn over their corn and pea crops, like it or not, and raise grains so as to meet the heavy burdens. In this manner, the acreage increase in cereals was gained at the expense of farmers' side dishes. This decline in nutrition symbolizes the impoverishment of the farmers. It at the same time, symbolizes the impoverishment of the masses. Increase of grain crop acreage reflexes the fact that the nation is consuming more staple food and less side dishes. This trend is a vivid proof that the nation is getting poorer each day.

The diet improvement of the Japanese is a good example in making this point clearer. In Japan, production of vegetables, fruits and dairy products have expanded much rapidly than grains during the last ten years. Excluding rice and wheat, produce of other grains have dropped sharply. The drop however was suplanted by increase in rice and wheat production. These trends prove the quality improvement in food consumption. This diet improvement was brought about by the rapid economic growth Japan is gaining since 1950, and clearly indicates the improvement of livelihood in Japan.

INDEXES OF JAPANESE FARM PRODUCE

	1950	1959
Rice	101.2	125.9
Wheat & barley	92.7	104.9
Other grains	104.5	99.5
Potatoes	102.7	121.5
Vegetables	90.3	121.0
Fruits	94.7	194.1
Poultry & dairy	72.1	224.9

Meanwhile, the increase in stapel food consumption in Korea signifies the worsening of livelihood. And, there are so many people in Korea who cannot earn this staple food. The Tong-a Ilbo reported on Oct. 11, last year: "Inspite of the rich fall crop, some 780,000 children are reportedly famishing in Korea. From official sources, we have learned that 18,000 boys and girls in orphanages, 577, 830 grammar school students and 182,903 children in refugee centers are left hungry in want of sufficient food. The officials say that "they can hardly do a thing about it as they have no appropiations."

Crops Hit. Farm products possessing the highest marketability like cotton has been the hardest hit by U.S. surplus farm goods and show the sharpest decrease in acreage and produce. In 1949, cotton produce totaled 139,085,000 lbs., but by 1959, it fell by 66% to 40,911,000 lbs. Planted acreage, in the meantime, decreased from 290,850 acres to 149,450 acres and productivity also dropped from 420 lbs. per acre to 270 lbs.

Corn is another crop that has been impaired. In the same period of '49 to '59, total corn produce dropped from 807,480 to 500,960 bushels, which is 33% decrease.

Import of dry milk and cheese caused the number of milking cows to drop from 887 to 677 heads. And, especially, production of buckwheat has fallen sharply from 1,349,120 to 292,640 bushels since buckwheat flour can be substituted by imported wheat flour.

In this way, domestic farm products which are either competitive with or substitutable by U.S. surplus farm goods have dropped sharply in produce and planted acreage. As these products possess high marketability, farmers are again deprived of the opportunity to earn cash.

A petty farmer with less than 1.23 acres of land earned an average income of 380, 280 hwan in 1958, but his cash earnings amounted to only 59,222 hwan. From this small amount, he had to pay about 12,000 hwan for taxes. Thus his dispensable cash

earnings were less than 18,00 hwan (50 dollars). How could they manage their farms with this tiny bit of money? It's a miracle that they are still alive!

Government Collection. Each year, the ROK government collects more than 4 million bushels of grains from the farmers. The collection is enforced through the (1) Grains Control Law which authorizes the government to collect and control grains to be distributed to the armed forces, police forces, civil servants, urban and rural poor. Another big sum is collected through the (2) Land Reform Law and Farmland Ownership Law which have regulated the grain quota the farmers must deliver as payments for the land alloted to them. The rest is supplied by imports of U.S. surplus farm products. These imports, by the way, occupy 20% of the total grain produce.

Against the total of 12,913,500 bushels of grains controlled by the government in 1958, 3,459,400 bushels of rice and 1.232, 350 bushels of other grains were collected as farmers' quota deilveries and land payment charges, and the remaining 8,221,160 bushels were supplied through imports of U.S. surplus farm goods.

Among the government controlled grains, 91% of the rice is used for maintaining the giant army and the remaining 9% is distributed for such purposes as seeds, prison use and so forth; 40% of other grains are rationed to civil servants and 9% to the armed forces and the remainder is used for coordinating the food supply of the farmers.

It is now clear from these figures that the Grain Control System is set up mainly to support the maintenance of the gigantic ROK armed forces of 600,000 and more men. On top of all the grains collected free of charge from the farmers, U.S. surplus farm goods are brought in to keep food prices down. We should say that the burdensome military structure of South Korea is maintained at the cost of poverty-ridden farmers.

Supplements for Low-wages. The grain rations to armed forces and civil servants serve as supplements to their low wages. Grain rations to general wage earners have been virtually suspended and relief foods to improverished farmers and refugees are apt to be neglected.

SHABBY AGRICULTURAL ADMINISTRATION

Only 2.3% of the Budget. Let us next observe the state of government expenditures for agriculture and forestry services. As shown in Table 8, while defense and security expenditures grew each year and finally hit the peak of 83.4% of the entire national budget in 1953, the year in which the Korean War terminated, expenditures on agriculture and forestry services have gradually decreased ever since 1947 when they occupied 9.4% of the budget, and hit the low of less than 1% during the Korean War. In 1953, the expenditures were raised slightly to 4% but in 1959, they fell again to a lowly 2.3%. These figures clearly indicate how badly agricultural administration is neglected. Even in an industrial country like Japan, 10% of the national budget is alloted for agriculture and forestry projects. Far more is needed in South Korea for conservation and development projects, if the farming populace is to be really helped. Antiflood works, irrigation projects, land developments, laboratories are needed throughout the country.

Such projects should be taken up seriously as supreme duties of the government, but with an appropriation of only 2.3% of the budget, nothing can be done. It's better to say that there exists no government agriculture project in South Korea.

Paralyzed. The defense-centered, lopsided budget has paralyzed government administration for agriculture. Most of this scanty 2.3% appropriation to agriculture and forestry services is transferred to lo-

cal governments as subsidies. Of the 6,973 million hwan appropriated to agriculture and forestry services in the 1959 budget, 4,333 million hwan was transferred to local governments as subsidies which accounted for 62% of the total. The subsidies are, at any rate, given out in the name of expenditures for promoting yield increase, aforestation, forestry conservation, land preservation and dairy projects.

Poor Local Governments. Here again the central government so overburdened by its defense obligations, has shifted the responsibility of carrying out these vital projects to the local governments. But, the projects can hardly be executed by poor local governments. As all possible revenue sources have been eaten up by the central government taxation, local governments find it difficult to get funds even to meet their administrative expenses. Now, how could they raise money for such projects which require so much money and time? So, bulk of the subsidies is consumed by local governments as managerial expenses and thus no genuine project ever gets materialized.

Instead of entrusting the projects to local governments, the central government should plan and execute them on a nation-wide scale. For, it's quite improper to limit these works within the framework of local administrative boundaries. One cannot build a powerful dike in just one province and leave a weak embankment left in the neighboring province and hope to tame a violent river. The work must be done along the entire course of the river.

Total Neglect. But the trouble is that such problem doesn't even come up into consideration. The rivers are left to flood as they like. And each year, the damages get bigger. In Sept. of 1960, several thousand lives were lost within a single province, and the recent floods in June have made thousands of people homeless again.

As so much effort is demanded for defense, the government has no resources left to look after its agriculture and forestry administration which should be given

TABLE 8

COMPARISON BETWEEN DEFENSE AND AGRICULTURE SERVICES EXPENDITURES

(Unit: million hwan)

Expenditures	1945		1947		1950		1951		1953		1959	
		%		%		%		%		%		%
Justice and Police	2.42	13.3	24.82	19.4	162.3	6.7	634.0	10.3	10,207.4	19.5	25,976.8	8.4
Defense	—	—	16.97	13.2	1,324.3	54.5	3,298.5	53.4	32,504.6	61.9	140,588.2	49.0
Def. & Security Aid	—	—	—	—	141.8	5.8	47.2	0.8	1,257.6	2.0	7,542.3	2.4
Agriculture & Forestry Service	0.87	4.2	11.99	9.4	37.0	1.5	202.3	3.3	2,343.4	4.0	6,973.0	2.3
Soil Reform	—	—			22.3	0.9	296.0	4.8	—	—	—	—
Total Expenditures	17.31	100	127.87	100	2,429.5	100	6,178.5	100	52,694.2	100	308,942.2	100

the primary concern in an agricultural country like South Korea. The government's agricultural administration is paralyzed and we see the land and the forests being devastated by the furies of nature.

U.S. KOREAN POLICY

Bulwark against Communism. The primary objective of U.S. Korean policy, no doubt, is to build South Korea as a bulwark against Communism. Emphasis, therefore is put on military aids and the ROK government must give priority to defense efforts. In Sept. of last year, the Chang Government, in order to cut its expenditures, tried to reduce 30,000 men from the armed forces, but met immediate U.S. objection and had to abandon the plan.

Restricted in this way, the ROK government cannot carry out any drastic economic reform so badly needed and impossible unless big cut is done on defense expenditures. So, contrary to the national demand for a self-sustaining economy, South Korea must rely more and more on U.S. aids. Since South Korea has been placed under such conditions for 16 years, the colonial structure of South Korean economy shaped during the long Japanese rule, has deepened the more.

U.S. Market. In days of Japanese rule, Korea had been a supplier of raw materials such as soybeans, cotton and rice, and in returns for these products, she bought high-priced Japanese manufactured goods. But now, South Korea has lost this position as supplier of raw materials and degraded to serve only as a market for U.S. goods, particularly, U.S. surplus farm commodities.

South Korean industries must work in line with the basic U.S. Korean policy which is to secure South Korea as a military base and a market for U.S. goods, which leaves no room for Korean industries to expand.

Industrial Stagnation. So, naturally, they slip down the hill to stagnation. The imports of U.S. surplus farm products are especially, strangling the necks of Korean industries as they cut down so much on the buying power of the farmers. Industries cannot carry on production when farmers who make up 60% of the nation's population are so poverty-ridden and deep in debts.

The results brought about by the aids are grave. Contrary to the motives, the aids have worked in the opposite direction. This contradicting nature of U.S. aids, ironically, renders it impossible to bring prosperity and self-sustainance to the recipient nation.

SUMMARY

1. The imports of U.S. surplus farm products have brought grave effects on ROK economy. Gravest of which is the severe depression that befell on the agriculture industry. A million farmers have sold out on account of impoverishment, which is shown by the figure of 100,000 hwan debts per farm household.

2. U.S. surplus farm goods have enabled the government to maintain its low-rice-price and low-wage policies which again is the biggest cause for the depression in farm districts.

3. U.S. surplus farm products are imported to make up for the vast deficit

in the budget caused by overdrawing for defense expenditures. Want of appropriations for agricultural and forestry works have left the land and forests to be spoiled and S. Korean farmers, knocked about so much by everybody and everything, is falling deeper into unprecedented poverty.

IV. United Nations Aids

CRIK AIDS

Relief Work during Korean War. Assistances through CRIK (Civil Relief in Korea) and UNKRA (U.N. Korean Reconstruction Agency) are other foreign aids to South Korea. They are much smaller in scale compared to ICA aids.

During the Korean War, CRIK aids played a major role in Korean aid. Although the aids were chiefly grants given by the U.S. government, they took the form of coming through the United Nations since the U.N. was a opponent of the war.

Set-up. On June 27, 1950, two days after the Korean War broke out, the U.N. Security Council adopted a resolution to "furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area" and on July 7 of the same year, the same Council resolved that the Member Nations contributing troops and other assistances to Korea should offer "these troops and assistances to the Unified Command under the United States." Furthermore, on July 31, the Security Council requested the Unified Command to decide on the necessary procedures for relief and assistance to Korea. Hence the CRIK was established.

The CRIK, at first operated under the U.N. Command but since Dec., 1950, it has worked under the U.N. Korean Civil Aid Headquarters.

CRIK Aids during Korean War. Foreign aids received in 1951 amounted to a total of $106,540,000, of which CRIK aids constituted $74,500,000, which was 70% of the total. In 1952, total aids were $171,330,000, of which CRIK accounted for $155,530,000 and in 1953, the total reached $194,170,000 and CRIK, $159,820,000. In '52 and '53, CRIK aids occupied 95 and 82%, respectively, of the total foreign aids in these years.

CRIK aids, however, were cut sharply when the war terminated and in its final aid year 1954, against the total foreign aids of $326,710,000, CRIK aids amounted to only $331,000. (see Table 9)

After 1956, ICA aids have taken over the work CRIK had carried out.

CRIK Aids and U.S. Funds for the CRIK aids were supplied through two channels: the SKO (Supplies for Korean Organization) and the SUN (Sundry United Nations). SKO aids were covered by the U.S. War Department appropriation and spent mainly on Korean civil relief operations. SUN aids were relief funds sent to Korea by civilian organizations and private citizens abroad.

The ratio between SKO and SUN aids was roughly 10:1, which shows that bulk of CRIK aids were constituted by SUN aids.

Contents of CRIK Aids. CRIK aids were composed entirely of consumer goods. In 1955, 40% of CRIK aids was food, 25%, clothing and textiles, 13%, farm goods and 22%, other goods. Foods were mostly rice and wheat and were supplied with U.S. surplus farm goods. Bulk of the farm goods received were fertilizers and farm chemicals.

The contents of CRIK aids, therefore,

resembled those of the Nonproject Assistance in ICA aids. Farm goods occupy the biggest proportion and textile goods shared a big part too. And here, also, goods having higher marketability were welcomed. So, the role played by these aids is now being played by the ICA aids. As a hot war was going on, there were, however, no calls for "reconstructing the basic industries." The objective of the aids were to supply the necessary war food supplies and also sew up the losses impaired by the war.

Use of CRIK Funds. CRIK aid materials were received by the ROK Foreign Exchange Bureau and distributed by the Central Relief Committee with or without charges. The funds raised through the sales of these materials were transferred to the U.N. Relief Account, which used the money principally on operation expenses of relief work. So, CRIK aids were not used to supplement fiscal deficits like the later ICA aids.

UNKRA AIDS

Establishment. The United Nations General Assembly established in Sept. 1950, the U.N. Commission for Unification and Rehabilitation of Korea (UNCURK) for the purpose of setting up a unified, independent and democratic government of all Korea and to work for relief and rehabilitation in that area. This political representative of the U.N. in Korea is given financial backing by the UNKRA which was established on Nov. 7, 1950 through the resolution adopted by the U.N. Economic and Social Council.

Operations. The UNKRA commenced operations in Dec., 1950 and in the early stages of the war, it centered its work on relief work supplementing the activities of the CRIK.

TABLE 9

TOTAL RECEIPTS OF FOREIGN AIDS AND U.N. AIDS

(Unit: 1,000 dollars)

Year	Total	SUNCRIK	SKOCRIK	UNKRA
1945	4,944			
1946	49,496			
1947	175,371			
1948	179,593			
1949	116,509			
1950	58,706	9,376		
1951	106,542	74,448		122
1952	161,327	10,299	145,235	1,969
1953	194,170	8,365	150,422	29,580
1954	153,925	14,049	36,142	21,297
1955	236,707	4950	3,761	22,181
1956	326,705	24	307	22,370
1957	382,892			14,103
1958	321,272			7,7747
1959	222,204			2,471

UNKRA operations became active in 1953 but after the termination of the war, most of UNKRA's work was taken over by ICA aids, and presently, it is supplementing the work of ICA aids.

The total foreign aids received during the period of 1953 to '59 added up to $1, 837,650,000, of which UNKRA aids occupied only $120 million which was 6.5% of the grand total. By the way, ICA aids accounted for 74%, U.S. surplus farm goods aids, 7.5% and CRIK aids, 11.8%. UNKRA aids never increased more than 10% over the previous year.

Actually U.S. Aids. As in the case of CRIK aids, aids through UNKRA were actually U.S. aids. At first, $250 million were to be granted to Korea through UNKRA but the actual receipts did not reach half the mark ($120 million). This was due to lack of contributions from U.N. member nations and other foreign countries. Total offers amounted to $212 million (deficit of $38 million) but actual receipts registered only $138.9 million, which was 65% of the offers and 55% of the original programme. The United States contributed $93.8 million which was 67% of the actual receipts and 90% of aid materials were procured in the U.S.

U.S. Controlled. Since the U.S. offered majority of the contributions, management of the UNKRA funds were virtually controlled by the U.N. commander although UNCURK was in charge nominally. In connection with the UNCURK, the ROK government need only to "support" or "cooperate" with it, but in relation to the U.N. Command, the government must hold close contact through "negotiations" or through the U.S.-ROK, Joint Committee and in most cases, must get the U.N. commander's authorization to spend the aids. Thus, UNKRA aids are, more or less, military aids and executed in line with U.S. military operations in Korea.

UNKRA aids which are formally designated to work for "relief and rehabilitation of Korea," therefore, in essence, are aids having political objectives to serve the U.S. Korean policy.

V. CONCLUSION

Not Want in Resources. The Chief of the U.S. Operation Mission in Seoul declared in a lecture at Seoul University, last year, that economic stagnation in South Korea was due mostly to want in natural resources. But, that is a distorted and superficial view of the situation. For, it presupposes the division of Korea. The major cause of South Korean poverty does not lie in the want of natural resources but in the arbitrary division of Korea into two countries.

Only Road: Unification. The only road to save the crumbling South Korean economy, therefore, is to reunify North and South Korea. Once peaceful unification is attained, the abundant resources of both Koreas will be combined. North Korea is rich in natural resources and has developed a sizable manufacturing industry, but is in want of agricultural produce. South Korea, on the other hand, is in want of natural resources but has the potential to produce big surplus of agriculture products. The Korean peninsula, as a matter of fact, had maintained an organic unity throughout the centuries, and the people had flourished living peacefully as a united nation. So, if reunified, Korea will once again prosper as a self-reliant nation.

A Step Forward. A step towards this long-aspired goal was gained when the popular uprising of last year overthrew the Rhee regime. Through want of long-ranged economic planning and over-reli-

ance on foreign aids, twelve years of dictatorial rule by Syngman Rhee brought but misery and distress to the economy and livelihood of South Korea. Like all dictators, Syngman Rhee was finally ousted by the long nested wrath of the people and liberation from the iron rule, naturally, brought forth calls for better livelihood as well as freedom. Thus, economic reform as well as political reform became the call of the times.

Vain Efforts. The Chang Myun government which was entrusted by the peope to fulfill the tasks of the April Revolu-on economic reforms and launched its National Development Plan last March. The plan was far-reaching and broad in scale all right, but, as always, the necessary funds could not be raised and the plan collapsed disastrously.

Momentum to Unification. This unsuccessful attempt at attaining a self-sustaining economy convinced even the conservative politicians and businessmen that ROK economy could not be saved as long as Korea remains divided. This economic necessity along with the political confusion that prevailed, gave great momentum to boost the causes of unification. Calls for peaceful and independent unification became the fashion so much so that even the reluctant Chang government had to set up a Unification Research Institute to answer the public aspiration. Inspite of the immense political and ideological difficulties surrounding unification, Koreans pictured sweet dreams of a bright future not so far off in the offing.

Another Setback. The recent coup d'etat, however, devastated this rosy dream overnight. To talk about unification is once again taboo unless one doesn't mind getting thrown into jail. The military regime seems enthusiastic about reconstructing the economy. On paper, they have copied the blue-prints that Chang had prepared for his reconstruction plan. But practice is different from speech. The political confusion and social unrest caused by the coup is said to have depressed economic activities further. Livelihood is reported to be getting really bad.

Inspite of the predicament of having so undemocratic a government, U.S. aids are continuing their flow-in. But, as we have pointed out before, no matter how much aids U.S. may pour into Korea, the consequences would be the same: Korean economy cannot be salvaged by foreign aids alone. From economic standpoints, the recent military coup was another big setback in the work to reconstruct the Korean economy.

Economic experts on Korea agree that as long as South Korea maintains its semi-wartime system and remains a military base and, therefore ,an anti-Communism bulwark for the United States, her economy will go on slipping down the hill to deterioration. They have put it straight that South Korean economy can only be salvaged when both Koreas are reunited.

REQUEST

We shall be very happy if the Reader can send us his comments and opinions on the Korean problem and our periodical as well.

(Editor)

House Upon Sand

FIVE-YEAR PLAN

Economic construction is the biggest problem confronting S. Korea. Following the world fashion, the militarists have presented their "Five-year Plan." Can they really do this impossible work failed so disastrously by the previous governments? Or, is this but a house upon sand?

Paper Plans. The ROK military regime has proposed more than 10 economic recovery plans since May 16. They were the "Basic Economic Policies", the "Economic Emergency Measures" and so on. But all these plans have been scrapped so unrelentlessly. And now, on July 22, the militarists have clamorously announced their new "Five-Year Over-all Economic Reconstruction Plan".

46.3% Growth. The plan's target is set to gain a total economic growth of 46.3% during the five years' period from 1962 to '66. The average annual growth will be 7.1%.

Since 5% growth is generally the maximum possible in underdeveloped countries, 7.1% is a mighty high target for poverty-stricken Korea.

Grain production is going to be raised 33.6% from 129,744,000 bushels in 1960 to 184,592,000 bushels in 1966. Rice production will be increased 27.2% from 79,106,000 bushels in 1960 to 100,628,000 bushels in 1966. Cotton produce will be upped 187% from 41,000,000 lbs in 1960 to 118,000,000 lbs. in 1966.

Iron, cement, fertilizer plants will also be constructed and electricity will be upped 2.7 times to 860,000 KW from the present low level of 280,000 KW, which will, at one leap, cover the present shortage and still leave a surplus of 28,000 KW.

The Hankuk Ilbo has commented on July 23: "It will be a miracle if all this can be done by the hands of the military regime."

House upon Sand. The total capital needed for the plan is estimated at 3,251.6 billion hwan, of which the government will raise 1,494.3 billion, while 1,757.3 billion is to come from civilian sources.

As far as civilian capital is concerned this sum is simply impossible. In view of the present state of national income, militarist have built a house upon sand.

As to the funds to be raised by the government, roughly 300 billion hwan is needed annually. This sum is 60% of the 1961 national budget's general accounts which total 507 billion. Since defense and security expenditures occupy nearly 200 billion of the budget, there would certainly be no funds left for other fiscal expenditures such as social (education, health and social welfare) and industrial (agriculture, transportation and communications) expenditures except the little amount that is provided by the Five-Year Plan.

The plan clarifies that "the present level of defense expenditures will be secured." So, if the plan is going to be carried out, the government must either make cuts on social and industrial expenditures, or levy more taxes and issue more bank notes. Whichever way, a lot of sacrifice will be asked from the public.

As a matter of fact, bank notes have already increased 12.8 billion over last May and 25.6 billion over the same period of last year. Government spending is responsible to 11.7 billion of this sudden hike In this manner, the Five-Year Plan is bound to invite inflation.

More Taxes. The plan has clearly set the national tax-bearing rate at 15% in the 1st and 2nd years, and 17.5% in the 3rd year.

The nation is already gasping under the current tax burden of 12.5% which is beyond the bearing capacity. More taxes will only bankrupt the public. The over-reliance on taxes signifies the weak basis on which the plan has been built on.

28.2% Foreign Investments. The total capital of the plan is also broken down into internal funds and foreign aids. Of the total of 3,251.6 billion hwan, 2,335.7 billion will come from Korean sources while 915.9 hwan equivalent will be in foreign capital. Foreign aids are, therefure, asked to share 28.2% of the total capital.

Besides the governmental grant type economic aids from the United States, the plan estimates a total of $423.8 million in foreign investment during the five-year period.

A Grave Matter. The plan admits that its implementation would be hampered unless foreign investments can be attained.

It is a grave matter that the plan is built on so much foreign aids and such optimism. In its 1st and 2nd years, the plan expects an increase of $250 million in foreign aids and hopes to bring in more "raw materials and machineries by diminishing the imports of surplus farm goods and fuels." In reality, however, U.S. aids are decreasing each year, especially, since the dollar crisis, and U.S. aids have inclined more and more to consumers' goods. So, the militarists' castle would collapse so disastrously if foreign capital should shun (this is most likely) the adventure of investing in South Korea.

Income Increase for Corporations. National income is to be upped 41.1% from 1962 level of 1,781.5 billion hwan to 2,500.0 billion in 1966. As to the distribution of the national income, corporate income will be tops with 383% increase; government earnings (corporate profits taxes plus government income), second with 270%; wage earners' income, third with 66%; then unincorporated enterprises (like farmers), with 15%.

The priority given to corporations is further boosted by the 2700 times increase in government subsidies to be given to various industries. In vast contrast to this, the increase of only 15% for unincorporated enterprises would be a virtual 0%, since the population will increase by 13.3%. The 66% alloted to wage earners may seem reasonable, but as the President and Premier of the republic as well as corporation chiefs will be classified in this same bracket along with the laboring mass, and as there will always be a vast force of unemployed, the earnings of an average wage earner can hardly be expected to get as good as the figure shows.

Mass Unemployment. Finally, total employed, of 7,791,000, in 1960, says the plan, will be increased to 10,786,000. (total population: 1960, 24,994,000 and 1966, 29,542,000) By this, the unemployed will be decreased from 2,818,000 to 1,391,000. This is a tremendous number still, but as the figures here represent only the unemployed in urban areas, actual figures would at least double. Unemployment, in fact, is the most urgent problem, but the militarist have again treated lightly of it.

Eyeing at Foreign Aids. Betterment of livelihood is the last concern of the militarists. As we have seen, their strategy is to build plants and get more foods by driving the nation at the point of bayonets.

However, as everybody know, the nation's resources have been practically exhausted. As the militarists' castle is built on this nothingness, no sensible Korean, we are sure, will take the plan seriously. The militarists, of course, realize the same. They've, no doubt, drawn up this one to show foreign countries that they are up to something. So their hidden aim again is to get more foreign aids in order to prolong their dictatorship.

SEVERE STAGNATION

State of ROK Enterprises

Reports from Seoul tell us that business stagnation is getting bad in Korea. Over-all demand has diminished and plants are cutting production by as much as 50%. The situation is far critical than imagined.

50% Down. The Kyunghyang Shinmoon of Seoul has recently carried a daring account of the crumbling economy of South Korea. "Depression seems to have now hit the bottom" wrote the paper, analyzing: "the principle reasons for the severe aggravation are: (1) drop in investments (2) low consumption of foreign aid funds (3) suspension on private money-lending and (4) the sharp fall in effectual demands due to mass-discharges of civil servants." "Inspite of the government's efforts towards recovery," the paper continued," the slump in demand has brought 40 to 50% curtailments on production." and speculated that "business might be reactivated in two or three months when all the money the government has spent gets around."

Other newspapers of South Korea are also reporting on the economic crisis in similar tones. From these reports, we have now a fairly good picture of the economic deterioration brought about by the military coup staged three months ago. The following are the figures that tell us the distressful conditions prevailing in South Korea:

Small Industries Operating at 40%. According to the ROK Proprietors' Association of Small and Medium Industries, only 40 to 50% is operating now. The Association says that "70% of the stagnation is due to fall in buying power, while 30% is caused by capital shortage, hike in power costs and delinquent taxes."

Capital shortage is common to all business, whether small or big, but in the case of small industries, rise in power costs and back taxes literally eat up their operation funds. Although tax burdens are already far too heavy for these industries, the Five Year Over-all Economic Recovery Plan announced on July 22, has raised the national tax bearing rate from the current 12.5% to 15%, and in the 3rd year of the Plan, the rate will be upped to 17.5%, which means that taxes are going to cause continuous headaches to small industries.

All-around Stagnation. The industrial stagnation is an all-around trend, and vital industries like textile, iron and steel, and foods are collapsing too.

Textiles. Textiles is the major manufacturing industry of South Korea, but the drop in effectual demand is slackening production.

Knit-wears. Among 1310 knit-wear factories, only 520 are carrying on production. The summer season has a bit to do with this big curtailment, but the industry is far more depressed in comparison to the same period of last year. 60% of the curtailment is said due to drop in demand, 30% on account of back taxes and 10% due to rise in power costs.

Woolen Wears. 2 factories among 8 have closed down. The rest are now producing on 1 shift, 8 hrs. per day schedule, which used to be 3 shift, round the clock operation. Main cause here are: (1) capital shortage (2) marketing difficulties (3) heavy taxes and (4) seasonal factor. The austerity program urged by the government which has shunned the use of woolen wears as luxuries has also to do with the stagnation.

Cotton Mills. Cotton mills are producing at 90% of capacity and cotton textile factories at 75%. In contrast to the same period of last year, they are producing 2% and 5%, more respectively. The reason for this slight increase owes to big demands from the armed forces and the austerity plan of the government that promotes the use of cotton wears. Over-all demand, however, has diminished here also, and, especially, the shortage in capital is reported to be causing difficulties in buying raw cotton.

Food Industry. The milling and sugar refining industries have been long depressed due to surplus installations and high competition and the recent depression is said to have aggravated their production lag.

Milling. Up to 3 years ago, the flour industry enjoyed "golden years" owing to the immense imports of U.S. surplus wheat. But as installations expanded, and competition became hot, mills began bankrupting in 1959. Presently, 21 milling enterprises with production capacity of 42,721 barrels per day, 9 mills have closed down and the remaining mills have put big cuts on their production. The Milling Industry Association has said: "tariff raise to 25% in 1959 from 15% in 1958 (before that there were no tariffs levied), high production costs and competition are causing severe stagnation in the industry."

Sugar Refining. Sugar refining also has been lagging since 1959 due to surplus installations and high competition. At present, 4 big plants are idle and only 20% of the total producing capacity of 246,000 tons per year is operating. The Kyunghyang reports that this industry is especially feeling shortage in capital.

Commodities Manufactures. The trend is same here, which in the meantime, symbolizes the drop in demand and therefore, the worsening of livelihood.

Matches. Of 66 factories, only 45% is operating at 80% of production capacity. Small factories are hit harder and virtually all have closed down.

Paper. Among 31 factories, plants making paper for the presses are operating at 95% of capacity, but others have cut production by 30 to 75%.

Synthetic Plastics. 34 factories are working at 70% of capacity but production is cut to 55%. and inventory has increased 20%.

Furnitures. 34 factories are operating at 15% capacity and production has dropped to 45% of last year. Inventory has risen 60%.

Other Materials.

Iron and Steel. 191 iron and steel works are working at 69% of capacity. 50% of the sales depend on credit and commission sales which cause capital shortage.

Agriculture Chemicals. Total of 14 factories are working at 40% of capacity. Cash deals account to only 50% of sales.

Glasses. 38 plants making vases, medicine and cosmetic bottles, are producing at 25% of capacity. 45% of produce is being stocked.

Lumber and Veneer. Of 120 factories, 10% have suspended or curtailed production and production has fallen 30%.

Bricks. 57 factories are working at 40% of capacity. The construction boom has receded and sharp drop is seen in demand.

These figures indicate the critical state of industrial stagnation. The lowly operation rate and big cut in production means that the stagnation is going to be long and chronic. With such sharp drop in buying power and keen shortage in capital, recovery won't be easy. The government is presently creating effectual demands through its spending programs to surmount the crisis, but such measures have dangers of inviting inflation again. The lot of the Korean people seems unlikely to be bettered while the militarists are ruling the country.

ONE KOREA **EXTRA** July 15, 1961

INTRA-MILITARY STRIFE GETTING ACUTE

Pak Chung Hi, the real strongman behind the May 16 coup, has now become the No. 1 man of South Korea. But, as he has made too many enemies, chances are slim for the dictator-minded general to keep the ruling reigns very long.

Purge of Chang Do Yung. Lt. Gen. Chang Do Yung, the front man of the military regime was thrown out of the ruling junta on July 3, and Maj. Gen. Pak Chung Hi took over the chairmanship of the Supreme Military Council. A bitter inner struggle between the Chang and Pak factions had been going on, but the conflict was much fierce and deadly than imagined. For, on July 9, the Pak clique had to arrest and accuse Chang of plotting assasination of Pak. This was mere mud-flinging but the affair was really scandalous because the junta, in its announcement, linked the former U.N. Commander, Gen. Carter Magruder with the plot.

Along with Chang, 44 other top officers of the ROK armed forces were arrested as co-conspirators and thrown into jails. As customary to those who usurp power, the Pak faction, in addition to all those politicians and statesman already put away, must now devour their own colleagues who pose threats to their usurped power.

More Factional Strife. Factionalism has been one of the big sore spots of the ROK armed forces. Powerful leaders like Lt. Gen. Lee Hal-lim (ex-commander 1st Army), Lt. Gen. Choe Kyung-Nok (ex-commander 2nd Army), Lt. Gen. Choe Sok (ex-commander 3rd Army), Lt. Gen. Kang Yong-Hoon (ex-superintendent Military Academy) and dozens of other generals who hesitated in giving immediate support to the coup, were swiftly rounded up and thrown into undisclosed prisons. These front line officers were, in fact, the real mainstay of the armed forces.

And now, only a month and a half since the takeover, another powerful faction, the group which had participated in the coup and composed by soldiers hailing from N. Korea led by Chang Do Yung, has been purged. Besides Chang, four members of the junta including Brig, Gen. Song Chan-Ho, Col. Pak Chi-Ok and Lt. Col. Kim Che-Min, 40 army, navy and marine top brasses including Lt. Gen. Ham Byong-Sun, Lt. Gen. Shin Hyun-pun and Rear Adm. Kim Chang-Hoon were retired forcibly, and arrested in connection with the alleged assasination plot. These purges indicate the vast width and depth of anti-Pak sentiment growing within the armed forces. It could be said that Pak has thus set the entire military against himself. Remnants of the Chang clique, officers and men loyal to the generals, Lee, Choe, Kang and others—any one of these forces may try to seek vengeance at any time.

Isolated so completely from the very basis on which it staged its coup, the junta's dictatorship is far more fragile than Pak may be dreading. For, on July 13, Lt. Col. Kim Jong-Pil, Pak's relative and Chief of Central Intelligence Bureau, the newly made junta gestapo, was severely wounded by a pistol shot. The assasin was an army officer under afore-mentioned Col. Pak Chi-Ok who led the paratroopers which spearheaded the May 16 coup. Sha-

ken by this incident, the guards around Pak has been doubled.

Pak and Song Tie-up, How Far? In face of such big odds within the army, Pak named former Lt. Gen. Song Yo-Chan to the post of Premier. Song used to be a senior officer to Pak; when Song was commander of the 1st Army, Pak served as his chief of staff. But, the two are, more or less, equal colleagues belonging to the same faction. Song was the lucky martial law commander during last year's uprising who earned a big credit for not firing on the students. (The truth was that the U.S. authorities persuaded him from obeying Rhee's order to fire.)

The real reason for Pak's hiring of Song is interpreted differently. Pak being disliked by the Americans, is enlisting Song, who is rather popular among U.S. circles, as an laison man to coordinate the not-so-good ROKjunta-U.S. relations. But, since Song is an ambitious man too, skepticism as to whether the two can get along well is already being expressed.

Contrary to the U.S. urges for an early return to civilian government, Pak is bent on securing a long-ranged military dictatorship. And there are plenty of other matters in which Pak will frustrate the Americans, so much so that the U.S. would like to have Pak lose power. So, speculation is going on that Song, being rather discontent with his present puppetlike position, might press his own points with U.S. backing whereby friction and, probably, clashes between the two would ensue.

Premier Chang Myun Labeled Pro-Communist. Following the purge of Chang Do Yung faction, the junta renewed its witch hunt of liberals and conservatives. On July 4, ousted Premier Chang and seven of his ministers were charged for collaborating with Communists. Chang is a Catholic and has been known as a staunch anti-Communist. Every Korean will testify that Communist collaboration is about the last thing the deposed Premier would have done.

The militarists, however, don't mind how illogical and groundless their accusations may be, so long as they can cook up a seemingly effective reason to lock people up. And for the purpose of further discrediting the Chang regime, the junta wrote up another special law for anti-Communism on July 4 , by which Premier Chang and his ministers are to be persecuted. This law, the latest one of a series of anti-state and anti-revolutionary laws promulgated by the junta, is going to punish those who have (1) held contacts with Communists; (2) put pressures on anti-Communist investigations; (3) abused power in liberating Communists from prisons; (4) abandoned duties to investigate or arrest Communists and (5) assisted or offered facilities to pro-Communists.

As a matter of fact, Premier Chang himself was the author of the notorious "Provisional Special Law for Anti-Communism" and "Demonstration Control Law" which brought so much public wrath on him. So, no one would take the allegations which the militarists have pinned on the Premier, seriously.

Restoration of the Cast-off Rhee Faction. The real intent of the militarists in stepping up their persecution of premier Chang and his Democrats seems more like a clean-up job to restore the cast-off Rhee faction. Former officials under the Rhee regime are returning enmasse. They have reappeared like a band of ghosts in front of the benumbed nation.

Kim Yu-Taik, recently named Finance Minister, used to be Rhee's minister to Japan; the new Supreme Court Chief Justice, Cho Chin-Man was minister of justice under Rhee; the new Chief of Information Bureau, Oh Jae-kyung used to be Rhee's press secretary and the new Vive Foreign Minister, Pak Tong-Chin was formerly a Rhee's secretary. And moreover, nine profiteers during the Rhee era, arrested in the early days of the military regime, have been released on conditions of cooperating with the militarists. On July 13, the AFP reported that the Junta had sent a missionary to Syngman Rhee exiled in Hawaii and requested his return to Korea. By tying up with these ghostlike forces, the militarists are desparate in securing their crumbling foothold. Would the Korean people tolerate such nightmarish game of power politics? Of course not. Pak and his henchmen must be at their wit's end.

TONG IL CHOSEON SHIMOON, INC.
Publisher & Editor **YEE YOUNG KEUN**
1-1 Yotsuya, Shinjuku-ku, Tokyo, Japan